

Billing Code 3410-05-P

DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

Actions Taken to Ease Bulk Grain and Soybean Storage and Transportation Issues

Exacerbated by Hurricane Katrina

AGENCY: Commodity Credit Corporation, USDA.

ACTION: Notice; Request for Proposals.

SUMMARY: The Commodity Credit Corporation (CCC) is providing notification to all interested parties regarding additional actions announced on September 20, 2005, to reduce stress on the grain transportation system caused by Hurricane Katrina. The industry-focused actions include: (1) assisting with the movement of barges of damaged corn from New Orleans; (2) providing incentives for alternative storage of grain; and (3) encouraging alternative shipping patterns to relieve pressure on the Mississippi River transportation system. CCC is seeking proposals from interested parties for: (1) barge movements of damaged corn from New Orleans; (2) alternative grain storage; and (3) offers to move grain through locations alternative to the Central Gulf.

DATES: Proposals should be submitted (INSERT DATE 5 DAYS FROM DATE OF FILING FOR PUBLIC INSPECTION) to be assured consideration.

ADDRESSES: CCC invites interested persons to submit proposals on this notice.

Proposals may be submitted by any of the following methods:

- E-Mail: Send proposals to: Rick.Mashek@kcc.usda.gov
- FAX: Send proposals to (816) 823-1805.
- Mail: Send proposals to: Contract Reconciliation Division, ATTN: Rick

Mashek, P.O. Box 419205, Stop 8758, Kansas City, MO. 64133-4676.

- Hand Delivery or Courier: Deliver proposals to the above address.

FOR FURTHER INFORMATION CONTACT: James Goff, Warehouse and Inventory Division, Farm Service Agency, United States Department of Agriculture, 1400 Independence Avenue, SW., STOP 0553, Washington, DC 20250-0553, telephone (202) 720-5396, FAX (202) 690-3123, e-mail: James.Goff@wdc.usda.gov. Persons with disabilities who require alternative means for communication for regulatory information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

SUPPLEMENTARY INFORMATION:

On September 20, 2005, the Department of Agriculture (USDA) announced additional steps to reduce further stress on the grain transportation system caused by Hurricane Katrina. The industry-focused actions outlined in the press release include assisting with the movement of barges of damaged corn from New Orleans, providing incentives for alternative storage of grain, and encouraging alternative shipping patterns to relieve pressure on the Mississippi River transportation system. The goals of these actions are to create velocity and capacity in the transportation system and to take advantage of under-utilized handling facilities. CCC is seeking proposals from interested parties on each of these actions.

The CCC Charter Act provides the authority for this action in sections 5(b) and (d). Section 5(b) makes available CCC materials and facilities required in connection with the production and marketing of agricultural commodities. Section 5(d) allows CCC

to remove and dispose of, or aid in the removal and disposition of, surplus agricultural commodities.

I. Barge Movements of Damaged Corn.

CCC will enter into agreements with operators to assist in moving damaged corn from the New Orleans area for the purpose of freeing up barges. CCC has not and will not take title to the corn. The barges are to move corn to locations up river in order to accelerate barge availability to geographical areas under harvest pressure.

CCC will consider proposals for up-river movements of damaged corn from New Orleans. Disposition of damaged corn must not have negative market impacts. This one-time offer of transportation assistance is only available to relocate barges and facilitate barge availability. Proposals must include the following information:

- (1) Number of barges that contain damaged corn;
- (2) Quantity of damaged corn to be moved;
- (3) Market value of the corn as of date proposal is submitted;
- (4) Current location;
- (5) Proposed location where barge will be discharged;
- (5) Proposed disposition and compensation received for the sale of the corn;
- (6) Dollar amount per ton of assistance requested; and
- (7) Whether the commodity loss or damage was covered by an insurance policy

and, if so, the amount of indemnity received.

Operators entering into agreements with CCC will be required to meet certain documentation and certification requirements. These requirements will allow CCC to

verify the movement of the barges, the quantity of corn, the value of the corn and compensation received for the delivery of the corn.

II. Storage of Commodities in Alternative Facilities

CCC will enter into agreements with operators to assist with the costs associated with storing corn and wheat in alternative storage facilities. The use of alternative storage is expected to facilitate producers' delivery of newly harvested commodities by producers. These alternative storage agreements are atypical, one-time storage arrangements. CCC is focused on providing a one-time storage incentive for proposals that contribute to easing harvest storage congestion and facilitate transportation in the Mississippi River transportation system. CCC may enter into agreements on up to 50 million bushels in aggregate of corn or wheat.

CCC will consider proposals for a one-time incentive payment to store wheat or corn in alternative storage facilities. The storage proposal must meet the following basic criteria:

(1) Storage facilities must be located on a tributary to the Mississippi River transportation system or no more than 100 miles from the river or its navigable tributaries;

(2) The storage proposal must be for an alternative storage method not used in that the same manner or quantity as in the past 12 months;

(3) All grain to be stored in such an alternative facility must be company-owned; and

(4) All grain to be stored in such an alternative facility must be accounted for through inventory records.

Proposals must include the following information:

- (1) Location of the storage site;
- (2) Description of alternative storage facility;
- (3) Quantity of grain stored in the alternative storage facility in the past 12 months;
- (4) Quantity of corn or wheat to be stored in facility;
- (5) Information on the severity of storage congestion in the geographical area including any other facility within 10 miles of such site; and
- (6) Dollar amount per bushel of incentive payment requested.

Operators entering into agreements with CCC will be required to meet certain documentation and certification requirements. These requirements will allow CCC to verify the quantity of corn or wheat stored in the alternative storage facility.

III. Transportation Differential

CCC is seeking proposals on up to 200,000 metric tons (MT, 2204.623 pounds) for a transportation differential incentive on the movement of corn, wheat or soybeans through regions other than the Central Gulf. This is designed to reduce transportation demand on the Mississippi River system and alleviate costs associated with these alternative transportation modes and handling locations. The movement of corn, wheat or soybeans subject to the differential must be completed by November 1, 2005. This incentive is intended to encourage new routes and is destination neutral.

Re-direction of existing sales and new sales are eligible. There are no restrictions on flagging of ocean carriers or on the interested parties' domicile. Transshipments are allowed if the eligible commodity has been shipped from the customs territory of the U.S.

via Great Lakes coastal range and its identity has been preserved until shipped from Canada. Proposed transshipment routes must be included in the proposal.

Interested parties must demonstrate:

- (1) Financial ability to perform;
- (2) Performance history in the movement of bulk grains;
- (3) Access to handling facilities through ownership, contractual or put-through agreement, and
- (4) That they are not currently debarred, suspended or proposed for debarment from any Federally administered program.

The proposal must include:

- (1) The commodity to be shipped;
- (2) Tonnage of the commodity (minimum 10,000 MT);
- (3) Final intended destination including transshipment routes if any;
- (4) Transportation mode;
- (5) Proposed rate of incentive per metric ton (MT) of the commodity;
- (6) Time-frame for completion; and
- (7) Explanation as to how the movement reduces transportation demand on the Mississippi River system.

Interested parties may submit multiple proposals.

IV. Proposal Evaluation Criteria and Award

Proposals must be evaluated objectively in accordance with the regulations on “Competition in the awarding of discretionary grants and cooperative agreements” found at 7 CFR Part 3015.158. The following criteria must be used equally in the evaluation:

- (1) Proposal's cost in relation to current market values for both commodities and transportation;
- (2) Net positive impact on transportation logjams; and
- (3) Overall cost effectiveness of proposal.

CCC will notify interested parties of approval of their proposals on (INSERT DATE 15 DAYS FROM DATE OF FILING FOR PUBLIC INSPECTION).

Signed at Washington, D.C. _____.

Executive Vice-President,
Commodity Credit Corporation